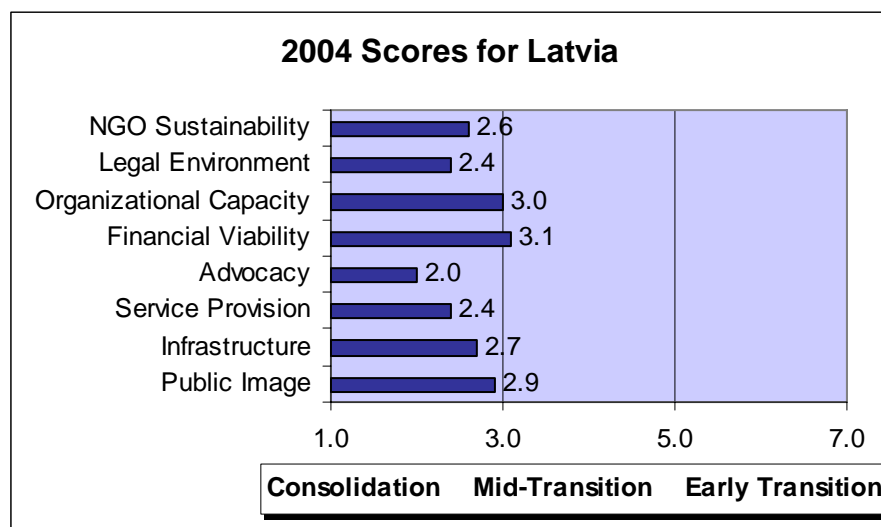


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**LATVIA**


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**Capital:** Riga

**Polity:** Parliamentary democracy

**Population:**  
2,310,000

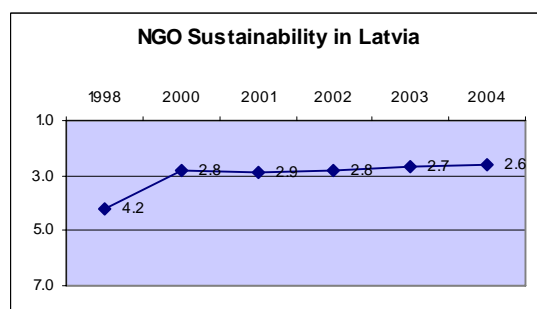
**GDP per capita (PPP):** \$10,200

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**NGO SUSTAINABILITY: 2.7**


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During 2004, two events dominated the attention of the NGO sector in Latvia. The first was the new Law on Associations and Foundations that governs the NGO sector; it came into force on April 1<sup>st</sup>, and makes significant positive changes regarding the status and functioning of NGOs. The second was a statement by the country's president, which forced the NGO sector into the spotlight.



In August, the government nominated its candidate to be Latvia's representative on

the European Commission, the current Speaker of Parliament, in a manner that many thought was less than transparent. Consequently, two NGOs—including *Delna*, the Latvian chapter of Transparency International) — demonstrated against the proposed European Commissioner's method of selection and the candidate's integrity for office. Following the demonstrations, the president held a news conference and stated that the actions of the organizations were unconstitutional and that they had no right to protest against a duly elected Member of Parliament. The Minister of Interior then stated that *Delna* was going 'to be observed' without specifying what that meant. He later said that his statement had been misunderstood.

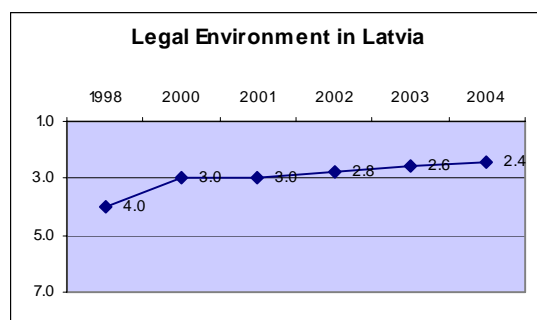
The controversy that followed the president's statement brought NGOs and the NGO sector to the attention of the public. The role of NGOs was questioned by some members of the government and

in the press, and the issues of “who do you represent?” and “who funds you?” were raised specifically about NGOs that advocate for transparent and open government. The incident demonstrated that the government is unable to differentiate between politics and the political process and that it does not understand the right of NGOs to engage in the political process. Following their

public confrontation, the president and leaders of the NGO sector met to discuss their positions on the issue, and the president refused to change her opinion. She considers the issue now closed, but activists in the sector are still working to enlighten members of government and the general public about the NGOs’ possible role as advocates and watchdogs.

### LEGAL ENVIRONMENT: 2.4

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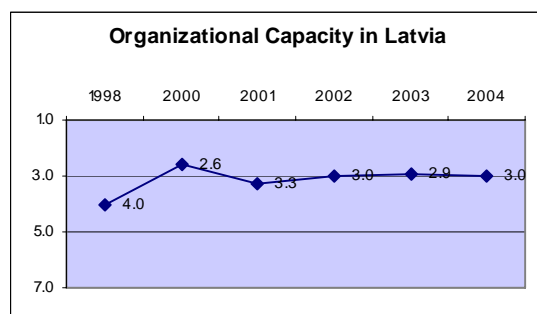
In April 2004, a new law governing the NGO sector in Latvia came into force. The Law on Associations and Foundations is a first step in developing a revised package of legislation that will govern the sector. The new law lessens the registration fee for NGOs, and now only requires two people to create an NGO. Political parties are now no longer considered NGOs; they will be governed by additional legislation. Another significant addition is that the law provides guidance on the proper dissolution of NGOs and outlines clear procedures for what happens to the property of organizations that close. Although the new law is seen as a positive step

forward for the sector, it will take some time for all organizations to understand completely the provisions of the new law. Organizations such as the NGO Center in Riga have assisted NGOs throughout the country to understand the new law and how it will affect them.

In October 2004, the Law on Public Benefit came into force, but the mechanisms for implementing the law have not been created. The new law is designed to create a standard process for determining an organization’s tax benefit status, but the commission that will make the determination has yet to start work. It remains to be seen how effective the commission will be in granting tax deduction status to NGOs. The government is in charge of establishing public benefit status, which affects tax benefits, but the legislation allowing for tax deductions to the sector has yet to be passed by Parliament.

## ORGANIZATIONAL CAPACITY: 3.0

According to research conducted in 2004 by the research firm Lursoft, Latvia has 8376 registered non-governmental organizations. The data was collected from the Latvian and European Business Registers, mobile phone company listings, telephone directories, and public financial records, and thus it is not guaranteed that all 8376 organizations are active. Of these organizations, 60 percent registered in the capital and the remaining 40 percent are distributed disproportionately throughout all of the regions of the country. Most organizations outside of Riga are concentrated in or near Latvia's largest secondary cities. The organizations have a wide array of target populations ranging from pensioners, street children, the homeless, and persons affected by HIV/AIDS; their work has similar breadth, spanning from preserving Latvia's cultural heritage to running sports clubs to advocating for transparent government.



Most NGOs in Latvia are still small and underdeveloped, and their staffs are usually project-based. When funding for a particular project ends, the organization

can no longer afford to have paid staff. Any technical equipment that the organization has is also from a particular project and any upgrades can come only from future projects.

Most organizations do not have clear governance structures. The new Law on Associations and Foundations is of little assistance to organizations in developing their internal management systems because it does not require—but does allow for—a governing board. The law does, however, require a management board, which may be comprised of only one member, usually the executive director.

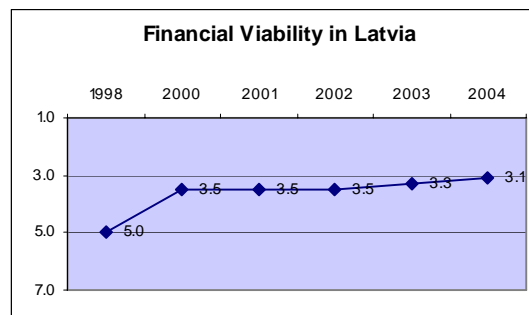
A draft Law on Volunteers is currently awaiting action by the Ministry for Society Integration, which oversees the NGO sector. If passed, the law will clarify the role of volunteers as unpaid workers in organizations, but passage of the law is not foreseen in the near future. Currently, the State does not recognize the status of volunteers, so actions such as reimbursing a volunteer for expenses have negative financial and legal consequences for an organization. The State continues to allow only employees with legal work contracts to be reimbursed for expenses, and anyone with a legal work contract must be paid at least the minimum salary with all income and social taxes.

## FINANCIAL VIABILITY: 3.1

Over the last few years, Latvia has seen a shift in funding sources from mostly international donors to increased domestic sources. Although domestic sources are still limited, within the last year, two community foundations have completed their first full year of operation and have proved to be successful in finding local sources of support. One of the foundations has been so successful that it has become a model for other communities wishing to start their own foundations.

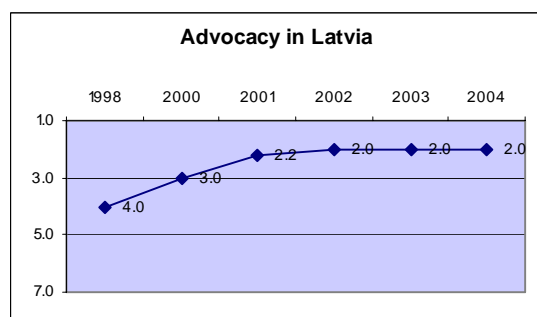
In addition, the NGO Center in Riga has started an Internet-based fundraising organization designed to raise funds from individuals for specific NGOs. The NGO Center acts as an intermediary body that links individual donors with worthy recipients. In order to ensure the organization's high standard of operation, the recipient organizations are vetted by

the Center prior to being posted on its home page.



The new Law on Associations and Foundations clarifies the issue of earned income. Earned income is now allowed under the condition that any income is used to promote the mission of the organization and is not distributed to individuals associated with the organization.

## ADVOCACY: 2.0



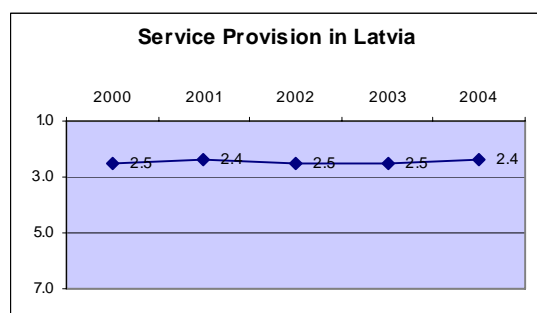
The NGO sector has had some success this year in developing coalitions based on common interests. For example, one coalition was created to oppose the government's negative view of the NGO sector. The question now is whether the coalitions will have any success in

winning over the government. Regardless, the NGO sector is now on the country's political agenda, and the Ministry for Society Integration has created a national Strategy for Civil Society Development, a series of policy guidelines intended to assist the government in taking steps to strengthen civil society for the next 10 years.

The new legislation governing the sector—including the Law on Associations and Foundations, the Law on Public Benefit, and the draft Law on Volunteers—is a direct result of lobbying efforts made by the NGO sector.

## SERVICE PROVISION: 2.4

The NGO sector in Latvia continues to provide a wide-range of services in all geographic regions of the country, but the organizations only provide the services when they have the resources to do so, usually from specific project funding. Sustainability and longevity continue to be chronic problems.



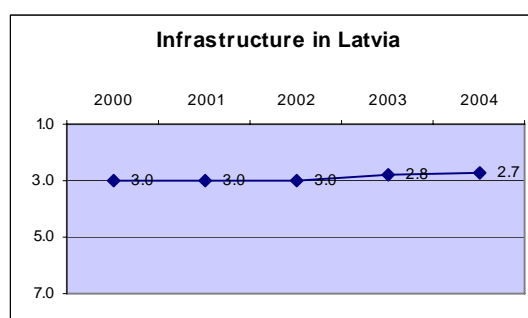
The main difference between the services provided by the sector now and in previous years is that the services are becoming more diverse and more specialized with smaller target constituencies. For

example, an organization that was created to help empower women is now working specifically to prevent the trafficking of women for prostitution. Similarly, an organization founded to help those affected by HIV/AIDS is now working specifically with intravenous drug users to provide them with clean, sterilized needles.

The ongoing problem for organizations trying to recover their costs for providing services is that, although they now can legally charge for their services, their clients cannot afford to pay anything close to the actual costs for the services. Organizations are, therefore, forced to rely on financial support from other sources. Organizations are becoming more aware that they must ask local communities to help them fund their activities; they can no longer rely solely on international donors for support.

## INFRASTRUCTURE: 2.7

Latvia has a small cadre of NGO trainers, but the opportunities for the trainers to receive additional professional training are limited. They cannot afford to attend international conferences or to join professional networks that would enhance their knowledge base. Also, most organizations cannot afford the training provided by these trainers. The NGOs must have an outside source pay for them to hire the trainer.



Latvia officially has a network of 13 NGO support centers located around the country. The centers were founded with international funding, but now many are

barely operational. Others are financially strong and are working effectively in their regions because they have developed linkages to other organizations, like local municipalities. At their inception, the centers provided basic services to organizations such as photocopying, computer access, and grant writing seminars. Today, the centers provide their members with information, such as where to find project funding or answers to questions about the new NGO law.

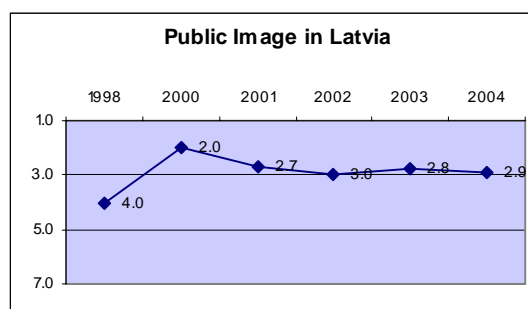
Also in the last year, Latvia's two community foundations have been successful in raising funds to award grants within the local community, and the

country's first private foundation was created to award educational scholarships.

Finally, a number of networks were created this year, bringing together those organizations with common interests. These include a network of women's organizations, a network for those involved with reproductive health issues, a network for those working with homeless people, and a network for those worked with the disabled. These activities were undertaken to benefit the member organizations, and will be advantageous in the future as the funding provided to the sector by the European Union (EU Structural Funds) favors these kinds of partnerships.

### PUBLIC IMAGE: 3.0

Assessing the public image of NGOs is difficult because of the recent controversy that focused much national attention on the sector. In the spring of this year, the Baltic American Partnership Program conducted a survey of 500 residents of Latvia about their attitudes towards NGOs. At that time, 38% said that they had heard nothing about NGOs, but the remaining 62% of the respondents said that they had heard of NGOs and they had a positive attitude towards them. No data has been collected about the image of the NGOs following the controversy with the president, but NGO activists assume that it has damaged the sector's reputation because of the highly favorable image of the president, particularly amongst the rural population. For better or worse, the public is certainly more aware of the sector now than at the beginning of the year.



In general, government officials do not fully understand the role of the NGO sector. Based on comments from members of the government, they believe that NGOs should only be service organizations and not involved in advocacy. Businesses have a slightly better image of the NGOs because they are often involved in specific projects with organizations, but they, too, do not fully understand the sector.

Although many organizations do good work in their communities, few NGOs are adept at promoting their activities because

Latvians, in general, are not good at self-promotion. Media coverage for NGOs in the smaller towns and regions is generally good because the work that they do is covered in the local news reports. Coverage of NGOs in the larger cities and

the national press is positive for service organizations, but some of the national press has been quite negative when reporting on the activities of advocacy organizations.